

Streamlined Sales Tax Audit Committee Progress Report

To: Streamlined Sales Tax Governing Board

From: Bruce Christensen, Chair of the Audit Committee

Date: June 9, 2008

- 1.) The SST Audit Committee met in St. Paul, Minnesota June 3 & 4, 2008. A total of 21 people were in attendance with 13 states represented.
- 2.) Next meeting of the SST Audit Committee will be October 27 & 28, 2008 (Monday & Tuesday) in Nashville, Tennessee at the Tennessee Department of Revenue, Andrew Jackson Building.
- 3.) We reviewed and discussed changes made to Appendix F. The Audit Committee will send our final version to Certification Committee to be finalized.
- 4.) The committee discussed with the core team members the contract compliance audit completed on CSPs and how to improve for the future. We will need to establish a better communication system between core team members and state representatives.
- 5.) The Audit Committee reviewed the requirements of a CAS and Model 2 Seller. We reviewed the role or responsibilities for a Core Team under the CAS contract and how to audit Model 2 Sellers. One of our goals is to have a recommend audit guideline for state to follow when conducting a tax compliance audit on a Model 2 Seller.
- 6.) The audit committee is recommending that when a state completes the tax compliance audit portion of the CSP audit of the Model I Sellers that a formal letter is sent to the CSP even if the state does not have any finding in order to provide closure of the audit.
- 7.) The Audit Committee setup a number of work groups to create an audit program for the core team to follow in a CSP audit, develop questionnaires for a CAS audit, recommend audit procedures for audits of Model 2 sellers by the states, review progress on the audit manual and review the audit rule to see if modifications are needed.